

Black marketing of petroleum products

1445. Dr. M.A.M. RAMASWAMY: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the black marketing of petroleum products is rising in the country thus creating an artificial shortage of the products;

(b) if so, the details thereof; and

(c) the steps taken by Government to stop the black marketing of Petroleum Products?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) and (b) The possibility of blackmarketing of Kerosene and Liquefied Petroleum Gas (LPG) by some unscrupulous elements cannot be ruled out due to huge price difference. Allocation of PDS Kerosene is made by the Government of India to different States/Union Territories (UTs) on a quarterly basis for distribution under PDS. Further distribution within the States/UTs through their PDS network is the responsibility of the concerned States/UTs. In accordance with the policy adopted by the Government of India in 2000, Kerosene (SKO) allocation for distribution under the Public Distribution System (PDS) was reduced every year beginning 2001-02 till 2003-04, taking into account the number of LPG connections released in each State/Union Territory. While the initial allotment for 2004-05 was based on the criteria adopted hitherto, additional allocations were made during the year to meet urgent demand. For the year 2005-06, allocations have been maintained at the level of 2004-05, including additional allocations made during that year. For the 1st, 2nd and 3rd quarter of 2006-07, allocations have been maintained at the level of 2005-06. No shortage of kerosene has been reported in any part of the country. At present, there is no overall shortage of LPG in the country and LPG supplies to distributors are being made by the Public Sector Oil Marketing Companies (OMCs) through indigenous production and imports in accordance with the genuine demand of customers registered with the LPG distributors. However, Public Sector OMCs have reported backlog of 3-4 days in the State of Tamil Nadu due to unplanned shutdown of refinery. Government has advised OMCs to liquidate the backlog in the State of Tamil Nadu by operating the bottling plants on holidays and during extended hours.

The OMCs under regular and surprise inspections of their SKO dealers and take action against the defaulters under Marketing Discipline Guidelines.

(c) **Kerosene:** In order to check the black marketing of Public Distribution System (PDS) kerosene, the Central Government have made provisions in the Kerosene (Restriction on Use and Fixation of Ceiling Price) Order, 1993, issued under the Essential Commodities Act, 1955, that dealers cannot sell PDS kerosene at a price higher than the price fixed by the Government or OMCs and that the PDS kerosene dealers should prominently display stock-cum-price board at the place of business including the place of store at a conspicuous place.

Government have also approved a pilot project for radically revamping the PDS kerosene distribution network with the primary objective of ensuring that this heavily subsidized product is actually made available in the required quantities at subsidized prices to the intended beneficiaries; and secondly, to thus cap, reverse and eventually eliminate the diversion of PDS kerosene for adulteration. One of the salient features of this scheme is that supplies to the sub-wholesale points will be made under the direct supervision and responsibility of the public sector OMCs. The scheme has been launched on a pilot basis in 412 blocks in the country from 2nd October, 2005.

With a view to checking diversion of subsidized kerosene and in order to monitor the movement of Tank Trucks transporting petroleum products, the Government have advised the public sector OMCs for installing Global Positioning System (GPS) based vehicle tracking system on all the tank trucks by 31.03.2007. The essential features of the system is that the vehicle carrying PDS SKO is fitted with a device and can be tracked on real time basis from the time it leaves the supply location and till it reaches the destination.

To check adulteration in auto fuels, and also to check diversion of subsidized kerosene, Government have also advised OMCs to introduce marker in adulterants. Public sector OMCs have commenced introduction of marker in kerosene on all India basis with effect from 1.10.2006. Under the new system, Marker is being put in kerosene in all depots. This system heralds the introduction of world-class technology to curb and eventually eliminate the menace of adulteration of transportation fuels along the supply

chain. With the marker's presence, adulteration even with very low levels of kerosene can be detected.

LPG:

The following measures have been taken to prevent the diversion/black marketing of domestic LPG cylinders for commercial purposes:

- (i) Under the LPG (Regulation of Supply and Distribution) Order, 2000 promulgated under the Essential Commodities Act, 1955 the diversion/black marketing of domestic LPG cylinders for commercial purposes by the distributors of public sector OMCs is prohibited. The State Governments are empowered to take action against erring distributors under the provisions of this Order. The State Governments have been alerted from time to time to take steps against the diversion of domestic cylinders for unauthorized usage.
- (ii) The officials of public sector OMCs carry out random checks at distributors godown, delivery point, as well as en-route to ensure that no diversion/black marketing takes place. As per the MDG, in case established cases of diversion/black marketing of domestic LPG cylinder for commercial purposes, the following action is taken against the distributor.
 - (a) Fine of Rs. 20,000 plus the price of LPG diverted at commercial rates for 1st offence.
 - (b) Fine of Rs. 50,000 plus the price of LPG diverted at commercial rates for 2nd offence, and
 - (c) Termination of the distributorship for 3rd offence.

Cases relating of misuse of LPG

1446. SHRIMATI SYEDA ANWARA TAIMUR: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that a major portion of LPG (cooking gas) meant for domestic use is being diverted for commercial purposes such as hotels, transportation and goldsmiths etc;

(b) if so, what steps Government have taken to curb such misuse;